

Message Text

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ACTION SCI-06

INFO OCT-01 ISO-00 ACDA-19 AF-10 ARA-16 CIAE-00 DODE-00

EA-11 EUR-25 PM-07 H-03 INR-11 IO-14 L-03 NASA-04

NEA-14 NSAE-00 NSC-07 OIC-04 SP-03 PA-04 PRS-01

RSC-01 SS-20 USIA-15 SAJ-01 FEAE-00 DRC-01 /201 W

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P R 291421Z AUG 74

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 4982

INFO AEC GERMANTOWN

AMEMBASSY BONN

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

USMISSION GENEVA

AMEMBASSY LIMA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 1 OF 2 IAEA VIENNA 7536

EO 11652: NA

TAGS: PARM TECH IAEA AR CA

SUBJ: ARGENTINE SAFEGUARDS AGREEMENT WITH IAEA

REF : OTTAWA 2754; BUENOS AIRES 6501

1. WE UNDERSTAND CONCERNS EXPRESSED BY EMBASSY OTTAW IN REFTTEL, PARTICULARLY THE DIVERGENCE OF VIEWS BETWEEN SAFEGUARDS-DEPRECATING CANADIAN COMMERCIAL INTERESTS AND OTHER SEGMENTS OF CANADIAN OFFICIALDOM WHICH HAVE TRADITIONALLY GIVEN STRONG SUPPORT TO NON-PROLIFERATION AND EFFECTIVE IAEA SAFEGUARDS.

WE HAVE ALWAYS ASSUMED, HOWEVER, THAT IN A SHOWDOWN CABINET FIGHT BETWEEN THESE CONFLICTING INTERESTS, GOC COULD MAKE NO
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OTHER DECISION THAN TO REFUSE TO SELL TO ARGENTINA A REACTOR

WHICH WAS NOT ADEQUATELY SAFEGUARDED. TO DO OTHERWISE WOULD OPEN DOOR TO REPETITION OF CANADIAN NUCLEAR EXPERIENCE WITH INDIA, AND RISK OPEN OPPOSITION OF IAEA BOARD. IN VIEW OF CONSIDERATIONS NOTED REFTEL, HOWEVER, WE CAN UNDERSTAND OTTAWA'S VIEW THAT THERE IS CHANCE THAT SUCH A CABINET SHOWDOWN AND DECISION TO LAY DOWN LAW BILATERALLY TO ARGENTINA WOULD TAKE MORE TIME THAN WE NOW HAVE LEFT BEFORE BOARD CONVENES.

2. OUR RECOMMENDATIONS RE ARGENTINA AGREEMENT WERE DESIGNED TO AVOID OR POSTPONE SUCH A SHOWDOWN BY ASSURING TO EXTEND POSSIBLE THAT OTHER POTENTIAL SUPPLIERS WOULD NOT UNDERCUT THE CANADIAN POSITION AND ALSO A) TO AVOID A DIVISIVE BOARD OF GOVERNORS DEBATE WHICH WE ANTICIPATE ARGENTINES WOULD LOSE BUT WHICH COULD DAMAGE THE IAEA SAFEGUARDS STRUCTURE, AND B) TO KEEP ARGENTINA FROM LOSING FACE IN THIS PROCESS, WHICH MIGHT LEAD TO UNPREDICTABLE SUBSEQUENT ACTIONS ON THEIR PART, INCLUDING A SEARCH FOR A SUPPLIER STATE PARTNER WHICH WOULD NOT REQUIRE ACCEPTABLE SAFEGUARDS. AVOIDANCE OF A SEPT 13 BOARD DEBATE WOULD AT LEAST ALLOW TIME TO REASON WITH ARGENTINA AND TO LET THEM BETTER UNDERSTAND THE CONSEQUENCES OF THEIR PROPOSED COURSE OF ACTION.

3. WE HAD HOPED CANADA COULD IN TIME MAKE CLEAR TO ARGENTINES THAT THEY HAD NO REASONABLE ALTERNATIVE BUT TO ACCEPT A SAFEGUARDS AGREEMENT WITH ADEQUATE PROVISIONS ON DURATION AND TERMINATION. WE DO NOT SEE THIS AS REQUIRING CANADIAN CABINET DECISION TANTAMOUNT TO FORFEITING RIO TERCERO SALE; ON CONTRARY IF OTHER SUPPLIERS ARE IN AGREEMENT, IT SHOULD BOLSTER POSSIBILITY OF CANADIANS CONSUMMATING THE SALE.

4. WE ARE NOT SUGGESTING A STRONG USG DEMARCHE TO CANADA. WE ARE SUGGESTING A DAMAGE CONTROL OPERATION IN WHICH US MIGHT BE OF SOME HELP, AND IN WHICH CANADIANS ARE PRINCIPAL BENEFICIARIES. IT SHOULD BE CLEAR, HOWEVER, THAT US WOULD VOTE AGAINST AND INADEQUATE SAFEGUARDS AGREEMENT ON SEPT 13 OR SUBSEQUENT BOARD MEETING, SHOULD ARGENTINA SUCCEED IN PRESSING MATTER TO A VOTE, AND REGARDLESS OF POSITION CANADIANS MIGHT TAKE TO PROTECT THEIR COMMERCIAL INTERESTS (WE ASSUME SILNECE IS AS FAR AS THEY WOULD GO). THE CANADIANS, PERHAPS UNDERSTANDABLY, WOULD PROBABLY PREFER A BOARD DECISION TO A UNILATERAL CONFRONTATION.
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THE ONUS WOULD BE PLACED ON THE BOARD, AND THE RIO TERCERO SALE WOULD NOT THEM BE JEOPARDIZED BY A CANADIAN-ARGENTINE DONEYBROOK. THE TACTIC MAY NOT WORK. IF THE BOARD CANNOT OR WILL NOT BAIL THE CANADIANS OUT, OR IF ANTICIPATED BOARD ACTION PRODUCES TOTAL INTRANSIGENCE ON THE PART OF ARGENTINA, THE CANADIANS WILL STILL HAVE TO MAKE THEIR CABINET DECISION WHETHER OR NOT TO SELL THE RIO TERCERO REACTOR IN THE ABSENCE OF AN ADEQUATE SAFEGUARDS AGREEMENT. UNDER SUCH CIRCUMSTANCES, WE ASSUME THEY

WILL CANCEL THE CONTRACT, AND ARGENTINA WILL THEN BE FORCED TO
LOOK FOR AN ALTERNATE SUPPLIER IN ANY CASE.

5. FOR THIS REASON WE HAVE FOLLOWING COMMENT ON FYI SECTION
IN PARA C REFTEL. THE ARGENTINES WILL ALWAYS HAVE THE OPTION
TO TURN TO INDIA FOR TECHNOLOGICAL KNOWHOW AND ULTIMATELY FOR
DELIVERIES OF NUCLEAR EQUIPMENT, IF THE INDIANS ARE PREPARED
TO GRANT SUCH ASSISTANCT WITHOUT SAFEGUARDS. WE HAVE VIEWED
THIS PROSPECT WITH ALARM IN MUCH OF OUR REPORTING. IT WILL BE
A LONG AND COSTLY ROUTE FOR ARGENTINA, BUT WE FAIL TO SEE HOW
IT CAN BE FORESTALLED IF INDIA OR ANY OTHER SUPPLYING
STATE IS PREPARED TO GRANT NUCLEAR AID TO ARGENTINA WITHOUT
REQUIRING ADEQUATE SAFEGUARDS. THIS CAN HAPPEN WHETHER OR NOT
THE RIO TERCERO AGREEMENT IS ULTIMATELY CONCLUDED TO CANADA'S
(OR THE BOARD'S) SATISFACTION.

6. FRG REP UNGERER HAS JUST REPORTED TO ME HE HAS RAISE THE
RIO TERCERO SAFEGUARDS QUESTION WITH BONN, SUGGESTING THAT BONN
CONSULT WITH CANADIANS TO ACHIEVE AN AGREEMENT WITH APPROPRIATE
DURATION AND TERMINATION PROVISIONS. WE ASSUME FRG WILL BE
PREPARED GIVE HELPFUL REASSURANCES RE ITS POSITION AS POTENTIAL
ALTERNATE SUPPLIER. FRG WOULD ALSO LIKE TO HAVE AGENCY RENEGOT-
IATE A NEW AND ADEQUATE ATUCHA AGREEMENT WITH ARGENTINA, BUT

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ACTION SCI-06

INFO OCT-01 ISO-00 ACDA-19 AF-10 ARA-16 CIAE-00 DODE-00

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NEA-14 NSAE-00 NSC-07 OIC-04 SP-03 PA-04 PRS-01

RSC-01 SS-20 USIA-15 SAJ-01 FEAE-00 DRC-01 /201 W

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P R 291421Z AUG 74

FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 4983

INFO AEC GERMANTOWN

AMEMBASSY BONN

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

USMISSION GENEVA
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AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 2 OF 2 IAEA VIENNA 7536

REALIZES THAT THIS IS IMPOSSIBLE UNTIL PROVISIONS OF
RIO TERCERO AGREEMENT ARE WORKED OUT.

7. BUENOS AIRES 6501 JUST RECEIVED. IN VIEW ITS
RECOMMENDATIONS AND CONCERNS (WHICH WE SHARE) WITH
RESPECT TO HOW MUCH CANADIANS CAN OR WILL ATTEMPT TO
ACCOMPLISH WITH ARGENTINA, AND IN VIEW LATENESS OF THE
HOUR BEFORE BOARD OF GOVERNORS CONVENES, MISSION NOW
RECOMMENDS A MODIFICATION OF TACTICS, WHICH WE BELIEVE
CANADIANS WOULD WELCOME.

8. THE LOCUS OF ACTION AND CONSULTATION NOW SWITCHES
TO VIENNA FOR PRE-BOARD CONSULTATIONS AND BOARD ACTION
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ON SEPT. 13. IT IS ESSENTIAL TO GET SOLID SUPPORT FROM
ALL POSSIBLE BOARD MEMBERS--ABOVE ALL POTENTIAL NUCLEAR
SUPPLIER STATES--TO SUPPORT INCLUSION OF GOV/1621 CONCEPTS
IN ARGENTINE AGREEMENT. ARGENTINE GOVERNOR IRAOLAGOITIA
PRESUMABLY ARRIVES VIENNA SEPT. 10 AND WE UNDERSTAND
CANADIANS WILL ALSO GET HERE SEVERAL DAYS BEFORE SEPT. 13
MEETING. PERHAPS IRAOLAGOITIA CAN BE CONVINCED IN THAT
PERIOD THAT THERE IS NOTHING TO BE GAINED BY PLACING
ARGENTINE SAFEGUARDS AGREEMENT PROPOSALS BEFORE THE
BOARD NOW. THIS, OF COURSE, REQUIRES ASSURANCES OF
SUPPORT ON PART OF OTHER SUPPLIERS--ASSURANCES WHICH CAN
BE TRANSMITTED DIRECTLY OR INDIRECTLY TO GOA.

9. IF ARGENTINA NONETHELESS REQUESTS BOARD DEBATE, ALL
SUPPLIER STATES SHOULD BE PREPARED TO PLACE ON THE
RECORD A STRONG STATEMENT OF SUPPORT FOR GOV/1621
CONCEPTS, HOPEFULLY ADDING THAT THEY WOULD MAKE THE
INCLUSION OF SUCH CONCEPTS IN SAGEGUARDS AGREEMENTS
RELATING TO THEIR EXPORTS A CONDITION OF SUPPLY. IF
BRAZIL, CHILE AND PERU MAINTAIN SILENCE, INDIA AND
ARGENTINA SHOULD BE LARGELY ISOLATED. WE WILL CONSULT
HERE WITH LATIN AMERICAN BOARD MEMBERS TO EXTENT WE
CAN, AND TRY TO SECURE THIS RESULT.

10. FRANCE REMAINS BIG QUESTION MARK. WE WOULD BE

INTERESTED IN DEPARTMENT'S AND AEC'S COMMENTS RE FRENCH POTENTIAL AS AN ALTERNATE SUPPLIER TO GOA, BUT IN ANY CASE SUGGEST THAT HURST CONSIDER WITH FRENCH, EMPHASIZING NEED FOR SUPPORT FOR GOV/1621 CONCEPTS WHICH FRENCH GOVERNOR DID NOT DISPUTE IN FEBRUARY DEBATE (COMMENT: WE CAN DO LITTLE WITH THE FRENCH HERE. FRENCH GOVERNOR GOLDSCHMIDT USUALLY ARRIVES JUST BEFORE BOARD MEETING AND FRENCH RESREP WILL NOT INVOLVE HIMSELF.) CANADIANS SHOULD ALSO BE IN TOUCH WITH FRG ALTHOUGH WE ANTICIPATE NO PROBLEMS. WE HAVE DISCUSSED QUESTION WITH JAPANESE MISSION VIENNA AND FEEL THAT THEIR SUPPORT WILL BE FORTHCOMING. UK SHOULD ALSO BE SOLID. IF SWEDES ARE A FACTOR, WE CAN TALK TO THEM IN VIENNA.

11. WE DO NOT PLAN DISCUSS QUESTION WITH INDIAN MISSION IN VIENNA, NOR PROPOSE THAT IT BE DONE ELSEWHERE AT
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THIS TIME. THEY HAVE NEW RESREP (AMBASSADOR MEHTA) WHO IS LIKELY TO BE RELATIVELY CAUTIOUS IN DEALING WITH THIS COMPLEX PROBLEM AT HIS FIRST BOARD APPEARANCE. ANY ATTEMPT TO REASON WITH HIM WOULD ONLY PROVIDE ADVANCE WARNING FOR HIM TO GET BETTER PREPARED FOR THE DEBATE.

12. WITH RESPECT TO INDIA AS A POTENTIAL SUPPLIER OF A URANIUM-FUELED NUCLEAR REACTOR IN LIEU OF A CANDU, CAPABLE OF SERVING ARGENTINA'S NATIONAL GRID, THE ANSWER WE FEEL IS NO. OF COURSE, INDIA CAN TEACH GOA HOW TO REPROCESS FUEL AND SQUIRRELY AWAY SOME PLUTONIUM, AND PROVIDE SOME TECHNOLOGY AND PERHAPS COMPONENTS FOR THE FUEL CYCLE. WASHINGTON'S AND DELHI'S COMMENTS ON THIS POINT WOULD ALSO BE HELPFUL.

13. NEEDLESS TO ADD, THIS RATHER COMPLEX SCENARIO REQUIRES IMMEDIATE US-CANADIAN CONSULTATIONS; OTHERWISE WE WILL LOSE THE FEW DAYS REMAINING. PORTER

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Message Attributes

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